

National Aeronautics and
Space Administration
Headquarters
Washington, DC 20546-0001



Reply to Attn of:

HK

JUN 20 1995

TO: Officials-in-Charge of Headquarters
Center Directors

FROM: H/Associate Administrator for Procurement

SUBJECT: Performance Based Contracting Training

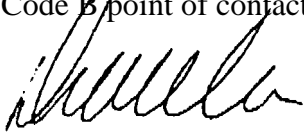
Performance Based Contracting (PBC) is structuring all aspects of an acquisition around the purpose of the work to be performed. It emphasizes objective, measurable performance requirements and quality standards in developing statements of work, selecting contractors, determining contract type and incentives, and performing contract administration. The concepts of PBC are captured in the Government Performance and Results Act of 1993, and The Acquisition Streamlining Act of 1994. In addition, Mr. Goldin, in the attachment to Press Release 95-73, indicated that up to \$200M of savings would be realized through PBC. That \$200M has already been earmarked as part of NASA's \$5B budget reduction. It is essential that we meet, if not exceed, that goal.

Office of Procurement Policy (OFPP) Policy Letters 91-2 and 93-1 focus on PBC for services. Indeed, the greatest opportunities for near term benefit are in the area of applying PBC to service contracts, particularly facilities management. NASA has pledged to OFPP to implement PBC methods throughout service contracting. In particular, we need to reduce the size of the contractors' "standing armies" as well as the extent of NASA oversight. We also need to implement PBC in *all* contracts including R&D and hardware. These changes will not occur overnight but incrementally.

Headquarters Codes B, H, J, and Q are working together to implement the PBC initiative effectively. First, we must create a widespread awareness of PBC. Our current plans include a two-hour executive session presented by Code H at each center. Next, we plan a one-day in-depth presentation for middle management with briefings from Codes B, H, J, and Q on the origins, background, and value of PBC. This presentation will provide the foundation for the PBC initiative. Therefore, I encourage the widest possible attendance from all disciplines in an auditorium environment. Finally, during FY 1996, a "hands-on" course on how to write a performance-based statement of work will be offered as detailed below.

Code J has provided the facilities office at every NASA Center with examples of statements of work, quality assurance plans, and users' guides for structuring PBC. Code J is also in the process of finalizing an Interservice Support Agreement with NAVFAC (Naval Facilities Command) to present in August the "hands-on" course. Therefore, please refrain from contracting for PBC training individually for the following reasons. First, we need to ensure that there is a uniform agencywide understanding and application of PBC. Second, training is expensive, and training funds are a limited resource.

Please direct any questions on PBC to Code HC, Ken Sateriale at (202) 358-0491, and on the training schedule to Code HK, Deborah O'Neill at (202) 358-0440. Facilities questions may be addressed directly to Code JX, Scott Holliday, (202) 358-1096. Quality Assurance questions may be addressed to Code QW, Steve Newman, (202) 358-1408. Earl Reese is Code B point of contact at (202) 358-2491.

A handwritten signature in black ink, appearing to read 'Deidre A. Lee', with a stylized, cursive script.

Deidre A. Lee

CC: All Procurement Officers